

Lansing, Michigan

February 6, 2001

A regular meeting of the State Administrative Board was held in the State Capitol, Senate Appropriations Room, 3rd Floor, on Tuesday, February 6, 2001, at 11:00 a.m.

Present:     Brian DeBano, Director of State Government Affairs, representing  
                  John Engler, Governor, Chairperson  
                  David Hildenbrand, Deputy Chief of Staff, representing Dick  
                  Posthumus, Lt. Governor  
                  Theodore Hughes, Assistant Attorney General for Law, representing  
                  Jennifer M. Granholm, Attorney General  
                  Julie Croll, Deputy State Treasurer, representing Mark A. Murray,  
                  State Treasurer  
                  A. Edwin Dore, Deputy Secretary of State, representing Candice  
                  Miller, Secretary of State  
                  Jean Shane, Executive Assistant, Office of the Superintendent,  
                  representing Arthur Ellis, Superintendent of Public Instruction  
  
                  Arlene Oisten, Secretary

Absent:       None

Others Present: Cathy Wilson, Governor's Office; Representative Jerry Vander Roest;  
                  Representative Tom George; Scott Hagerstrom of Rep. Vander Roest's  
                  Office; Wes Van Malsen of the Department of Career Development;  
                  Sherry Bond, James Burris, James Konrad, Joette Yauk, of the  
                  Department of Management and Budget; Connie Hanrahan, Tim  
                  Hoeffner, Randy J. Knapp, Philip Kazmierski, Doug Novak, of the  
                  Department of Transportation; Jim Hilday, of Siebel Systems

1.     CALL TO ORDER:

The meeting was called to order by Mr. DeBano.   Reverend Gordon Weller of St. Paul's Episcopal Church in Lansing gave the invocation. Mr. DeBano led the Pledge of Allegiance to the Flag.

2. READING OF MINUTES OF PRECEDING MEETING AND APPROVAL THEREOF:

Mr. Hughes moved that the minutes of the State Administrative Board for the regular meeting of January 16, 2001 be approved as distributed. Mr. Dore supported the motion, and it was unanimously adopted.

3. HEARING OF CITIZENS ON MATTERS FALLING UNDER JURISDICTION OF THE BOARD

Representative Vander Roest and Representative George expressed their concerns about the Amtrak subsidy. Rep. Vander Roest felt that there should be strong performance requirements in the subsidy contract. He noted several newspaper articles that had publicized problems with the current services provided by Amtrak. He stated that it took longer to go by train from Detroit to Chicago than it did sixty years ago. The number of rail passengers had declined over the past five years and costs are still substantial.

Rep. George stated that the railroad has been an important part in the development of the Kalamazoo industrial area. Historically, this train line had been used by former President Lincoln on his only trip to Michigan. He supports the train subsidy, but requests that stringent performance measures be tied to the subsidy. These measures would include: reductions to the operation costs; timely services; and, an effective way to resolve customer complaints.

Rep. Vander Roest explained charts concerning cost and the declining number of passengers. He would like to see the subsidy be based upon the number of riders at a set subsidy amount per rider. If Amtrak met the number of riders they would get the entire subsidy.

Mr. Hughes asked if the boiler plate requirements met the needs of the Representatives if it is incorporated in the subsidy contract.

Rep. Vander Roest reiterated his point of a subsidy amount based on the number of riders.

Mr. Kazmierski of MDOT stated that assurances of performance as required in the boilerplate were present in the subsidy contract. There are still discussions going on, but the subsidy would not be written around the

number of passengers. There will be on time performance requirements. Trains that are canceled will not be reimbursed through the subsidy. Customer satisfaction will be guaranteed. There will be three trains each way. The route under this subsidy is from Port Huron through Battle Creek, and Kalamazoo to Chicago. Amtrak is the only passenger train provider. There is no other company that provides passenger rail services. Amtrak does not own the tracks and negotiations are continuing with other railroad companies to allow more priority rail service for Amtrak to allow for on time performance.

4. COMMUNICATIONS:

Correspondence from Alan H. Van Noord, Department of Treasury, with the attached summary and detail investment holding reports for the Veterans' Benefit Trust Fund for the quarter ending December 31, 2000, and a report of investment transactions for the quarter ending December 31, 2000, in accordance with a resolution adopted by the State Administrative Board.

The Chairperson accepted the correspondence.

5. UNFINISHED BUSINESS:  
None

6. NEW BUSINESS:

Retention and Disposal Schedules:

Department of Consumer and Industry Services, Michigan State Housing Development Authority, Audits, 12/14/00

Department of Consumer and Industry Services, Michigan State Housing Development Authority, Loan Reports, 01/05/01

Department of Consumer and Industry Service, Bureau of Workers' Disability Compensation, Funds Administration, 12/6/00

Department of Environmental Quality, Financial and Business Services Division, 12/28/00

Family Independence Agency, Audits, Investigations and Licensing Administration, Office of Internal Audit, 12/8/00

Family Independence Agency, Child and Family Services, Bureau of Family and Children Services, Adoption Services, 12/8/00

Family Independence Agency, Child and Family Services, Bureau of Family and Children Services, Prevention and Protective Services, 12/8/00

Family Independence Agency, Child and Family Services, Bureau of Planning and Fiscal Oversight, 12/8/00

Family Independence Agency, Child and Family Services, Director/Deputy  
Director's Office, 12/8/00

Family Independence Agency, Executive Office, Deputy Director, 12/8/00

Family Independence Agency, Office of Income Assistance, Special  
Programs and Services, 12/8/00

Mr. Hughes moved that the Retention and Disposal Schedules be approved.  
The motion was supported by Ms. Shane and unanimously adopted.

7. REPORTS AND RECOMMENDATIONS OF COMMITTEES:  
(Please see the following pages)

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Ms. Croll presented the Finance and Claims Committee Report covering the  
regular meeting held January 30, 2001. After presentation and review of the  
forgoing Committee Report, Ms. Croll moved that the regular Finance and

Claims Committee Report of January 30, 2001 be approved and adopted with the withdrawal of item 2s of the second supplemental. The motion was supported by Mr. Hughes and unanimously approved.

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Ms. Croll presented the Building Committee Report covering the regular meeting held January 31, 2001. After presentation and review of the forgoing Committee Report, Ms. Croll moved that the regular Building Committee Report of January 31, 2001 be approved and adopted. The motion was supported by Mr. Dore and unanimously approved.

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Mr. Dore presented the Transportation and Natural Resources Committee Report for the regular meeting of January 31, 2001. After review of the forgoing Transportation and Natural Resources Committee Report, Mr. Dore moved that the Transportation and Natural Resources Committee Report covering the regular meeting held January 31, 2001 be approved and adopted. The motion was supported by Mr. Hildenbrand.

Mr. Hughes suggested the State Representatives meet with the Department of Transportation and with members of the Transportation and Natural Resources Committee to further express their concerns with the Amtrak subsidy. He also confirmed with Mr. Kazmierski that the boilerplate language requirements in the appropriation bill were incorporated in the contract with Amtrak.

There being no further comments, Mr. DeBano called for a vote on the motion and it was unanimously approved.

8. MOTIONS AND RESOLUTIONS:

None

9. ADJOURNMENT:

Mr. Dore moved the meeting be adjourned. The motion was supported by Ms. Croll and unanimously approved. Mr. DeBano adjourned the meeting.

Cake was served in honor of the State Administrative Board's 80<sup>th</sup> Anniversary after the meeting was adjourned.

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SECRETARY

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CHAIRPERSON